

**PUBLIC ACCOUNTANCY BOARD
ANNUAL REPORT
2014/2015**

Pursuant to Section 8 of the Public Accountancy Act Part II, and Section 3 of the Public Bodies Management and Accountability Act, the Public Accountancy Board submits its forty-fifth (45th) Annual Report for the year April 1, 2014 to March 31, 2015.

1. MEMBERSHIP AND COMPOSITION OF THE BOARD

A new Board was appointed on August 18, 2014 for a three year period ending on August 17, 2017. The composition of the Board is as follows:

Mr. Eric Crawford	-	President
Mr. Garth Kiddoe	-	Vice-President
Mr. Linval Freeman	-	Member
Mr. Raphael Gordon	-	Member
Mrs. C Patricia Hayle	-	Member
Ms. Minna Israel	-	Member
Miss Annaliesa Lindsay	-	Member
Mrs. Ann Marie Rhoden	-	Member
Mr. George Roper	-	Member
Mr. Eric Scott	-	Member

2. MEETINGS

During the year there were four (4) regular meetings of the Board. In addition there were four (4) Committee meetings.

3. PRACTISING CERTIFICATES

The Board issued 264 (2013/14 – 296) Practising Certificates during the year.

4. BREACHES OF SECTION 15 OF THE ACT

In the 44th Annual Report it was indicated that the Police had issued a bench warrant for a person who had been investigated for an alleged breach of Section 15 of the Act. The Police had been for two years unable to find him. The matter was brought to the attention of the Office of the Commissioner of Police. As a consequence the person was found and brought to the Resident Magistrate's Court in Mandeville. He pleaded guilty to the charge and was sentenced to eighteen months imprisonment. The sentence was, however, suspended for two years.

During the year the Board referred to the Director of Public Prosecutions (DPP) three instances where persons who are not registered by the Board had issued audited financial statements. The Office of the DPP responded to the first of these matters indicating that the Board should pursue the case with the Area One Fraud Squad in Montego Bay and this was done. The Board awaits the response of the DPP in relation to the second and third cases.

5. BREACHES OF SECTION 25 OF THE ACT

It will be recalled that in the 44th Annual Report of the Board it was reported that a complaint had been made by the Institute of Chartered Accountants of Jamaica (ICAJ) that a student member of the Institute who had passed the qualifying examinations of the Institute but had not sought membership, had used the Chartered Accountant designation without having completed the application process for becoming a member of the Institute.

It will also be recalled that the Director of Public Prosecutions recommended that the individual be prosecuted. The matter was taken up with the ICAJ which decided not to pursue the matter further.

6 REGISTRATION

There were four (4) additions to the Register during the year. These persons qualified under Section 12(1)(a) of the Act – members of the Institute of Chartered Accountants of Jamaica.

7. DELETIONS FROM THE REGISTER

The names of two (2) persons were removed from the Register during the year. The deletions were due to death.

8. STATE OF THE REGISTER AS AT MARCH 31, 2015

At March 2015, Two Hundred and Seventy (270) persons (2014 – 268) were listed in the Register of Public Accountants. An analysis of the registration is reflected in Table 1

Table 1: Analysis of Registration

Section	Description	Total
12 (1) (a)	being members of the Institute of Chartered Accountants of Jamaica;	243
12 (1) (b)	being persons who are entitled to practice accountancy in a country other than Jamaica by virtue of a qualification recognized by that country. Such qualification to be approved by the Minister after consultation with the Board;	4
12 (1) (c)	being persons who are members of the Association of International Accountants, the Society of Commercial Accountants, the British Association of Accountants and Auditors and the Chartered Institute of Cost and Management Accountants or such other body that is approved by the Minister after consultation with the Board.	5
12 (1) (d)	being persons who, in the opinion of the Minister, had immediately before the commencement of the Act, acquired sufficient experience in the practice of accountancy.	18
	Total	270

9. COMPARISON WITH THE REGISTER OF THE INSTITUTE OF CHARTERED ACCOUNTANTS OF JAMAICA

At March 31, 2015, there were One Thousand Two Hundred and Thirty-four (1,234) members (2014 – 1,223) of the Institute of Chartered Accountants of Jamaica (ICAJ). Of these members, One Hundred and Seventy-Nine (179) (2014– 179) held practising certificates issued by the Board. Sixty-four members of the Institute who do not hold the Institute’s practicing certificates hold practicing certificates issued by the Board.

10. MONITORING, DISCIPLINING AND REGULATING THE PROFESSION

It will be recalled that on February 2, 2011, the Board, the Institute of Chartered Accountants of Jamaica (ICAJ), and the Institute of Chartered Accountants of the Caribbean (ICAC) entered into an agreement with the Association of Chartered Certified Accountants (ACCA) for the Monitoring of all practicing accountants in Jamaica.

The objective of the Monitoring Programme is to ensure compliance by registered public accountants with the following standards and rules in the conduct of their practice

- International Standards on Auditing (ISA)
- International Standards on Quality Control (ISQC).
- The Code of Ethics for Professional Accountants prescribed by the International Federation of Accountants (IFAC) for the maintenance of high quality performance.
- Provisions of the Board's Rules and Recommendations and in particular those dealing with AML/POCA and FATF 40 +9 requirements

The process involves reviews of Registrants by a Senior Practice Reviewer (SPR) from ACCA, assigned to and based in Jamaica. Where necessary she is supported by the SPR who is based in Trinidad or in the U.K. The reports of the SPR are reviewed by a Monitoring Committee comprising three (3) representatives of the PAB, two (2) from the ICAJ and one (1) from the ICAC.

The review process started in January 2012.

Registrants whose reviews are unsatisfactory are reviewed again in two (2) years. Those with satisfactory reviews have a four (4) year wait for the second round of visits. Following the review, the Registrant has to complete an Action Plan which is designed to assist him/her to remedy the shortcomings. Those Registrants whose reviews indicated shortcomings are interviewed by the Committee to ascertain what steps they are taking/have taken to address and resolve these issues.

The Board has taken the approach of applying an "educational" and progressive approach to audit monitoring. This involves providing Registrants engaged in auditing with guidance and assistance to improve the quality of their work. Initially regulatory action on non-compliance with auditing standards will be taken only if egregious breaches of auditing standards are identified during the review or where a Registrant needs to improve standards but fails to do so after two monitoring visits. In due course, more punitive action will be pursued where breaches are identified.

Based on suggestions made by Registrants who have been interviewed by the Committee, the Board in collaboration with the Institute held three workshops to help Registrants gain hands-on knowledge of how to make the necessary adjustments to their work process to ensure compliance on future visits.

Most registrants interviewed by the Committee have indicated that the visit has been beneficial to them and helped them to take note of their shortcomings as to their operations, for example, merging of businesses.

At the end of March 2015 the SPR had completed reviews of Two Hundred and One (201) Registrants. Fifty-two (52) Registrants had satisfactory reviews.

11. IMPROVING AND STRENGTHENING THE EFFECTIVENESS OF THE PROFESSION

Following a review of the various regulations governing the functioning of registered public accountants in Jamaica for improving and strengthening the effectiveness of the Profession, the Board submitted its recommendations to the Ministry of Finance and the Public Service. The recommendations are designed to inter alia

- Require the establishment of Audit Committees for all Public Interest Entities (PIES)
- Stipulate certain non-audit activities which the auditor must not perform for his client
- Require the disclosure in the Annual Report of non-audit fees paid to the auditor
- Legislate the requirement for auditor independence
- Define fiduciary responsibilities of senior officers in companies
- Prescribe guidelines to prevent conflicts of interest which could arise from the employment of certain members of the audit team by the client within a certain time period
- Codify standards to be used by professional accountants.

The recommendations fall into two categories viz.

- (a) Those which will involve legislative changes as they relate to enterprises in which the broad public has an interest in ensuring that there is the reality of auditor independence.
- (b) Those which concern generally the ethics of the profession and therefore fall within the ambit of the Board's Rules and Recommendations.

The recommendations at (a) were approved by the Cabinet in 2011/2012 and drafting instructions issued to the Chief Parliamentary Counsel (CPC). During the 2014/2015 year the Board received from the CPC the second Draft of the Bill to Amend the Public Accountancy Act which reflects the recommendations made. The Board is in the process of reviewing the Draft

Bill which was returned to the CPC for further action. It is anticipated that the Bill will be tabled in Parliament during the 2015/2016 financial year.

The recommendations at (b) have been incorporated into the revised draft of the Board's Rules and Recommendations which have been the subject of a comprehensive overhaul.

12. TRAINING OF REGISTERED PUBLIC ACCOUNTANTS

During the year under review the Board in collaboration with the Institute held Three Seminars/Workshops designed to assist registrants who had been subject to Practice Monitoring reviews and whose reviews were unsatisfactory . These Seminars/Workshops were held as follows:

- July 19, 2014 – Improving compliance with ISA's; Audit documentation;
- September 20, 2014 – Materiality Risk Assessment, Disciplinary Procedures, Practice Management;
- November 22 – 2014 – Accountants and POCA; Audit Planning.

The Seminars were addressed by Mr. Eric Crawford, PAB President and Mr. Dennis Chung, ICAJ President.

13. PROCEEDS OF CRIME (DESIGNATED NON-FINANCIAL INSTITUTION) (PUBLIC ACCOUNTANTS) ORDER 2013

The Board continued to work with the Bank of Jamaica to bring to the attention of registrants the FATF 40 requirements as well as the provisions of the Proceeds of Crime Act (POCA) and the Amendments to the Act and Regulations approved in Parliament in October 2013. Effective April 1, 2014 any Registrant who carries out any of the following activities on behalf of any client will be designated a non-financial institution for the purposes of the Proceeds of Crime Act.

- a. purchasing or selling real estate;
- b. managing money, security or other assets;
- c. managing bank accounts or savings accounts of any kind, or securities accounts;
- d. organizing contributions for the creation, operation or management of companies;
- e. creating, operating or managing a legal person or legal arrangement (such as a trust or settlement); or
- f. purchasing or selling a business entity.

The Order, signed by the Minister of National Security, dated November 15, 2013, was published in the Jamaica Gazette, Proclamations, Rules and Regulations on November 29, 2013.

Registrants are required annually to inform the Board if they are carrying out any of the above six activities. They will be monitored under the Practice Monitoring Programme to ensure compliance.

The Board has developed draft Anti-Money Laundering Guidelines which were placed on the Board’s website in February 2015. It is planned to approve same shortly, and the Guidelines will then be submitted to the Minister of National Security for approval and gazetting.

14. RULES and RECOMMENDATIONS

The Board is in the final stages of the revision of its Rules. In the process the Board has received approval of the International Federation of Accountants (IFAC) and ACCA to incorporate the provisions of their Ethics Codes in our Rules. Once the review exercise is complete the Rules and Recommendations will be sent to the Minister for approval.

15. INSTITUTE OF CHARTERED ACCOUNTANTS OF JAMAICA’s PROPOSAL TO AMEND THE PUBLIC ACCOUNTANCY ACT

The Board has received a proposal from the Institute of Chartered Accountants of Jamaica that the Public Accountancy Act be amended to allow for three classes of professionals. The Board and the Institute will have discussions on the matter during the 2015-2016 financial year.

16. ICAJ DISTINGUISHED MEMBER OF THE YEAR

Mr. Eric Crawford was selected as the Institute of Chartered Accountants of Jamaica’s Distinguished member for the year 2014. He was so recognized at a function for the purpose at the Jamaica Pegasus Hotel on December 5, 2014.

17. COMPENSATION TO BOARD MEMBERS AND THE REGISTRAR

Set out below are particulars of compensation to Board members, and non Board Committee members for 2014/15 based on meeting attendance and to the Registrar.

	Fees Board \$	Fees Committee \$
Board Members		
Eric Crawford	38,000	7,000
Garth Kiddoe	22,000	21,000
Linval Freeman	11,000	10,500
Raphael Gordon	16,500	
C. Patricia Hayle	22,000	7,000
Minna Israel	22,000	

	\$	\$
Annaliesa Lindsay	16,500	21,000
Ann Marie Rhoden	11,000	
George Roper	11,000	
Eric Scott	11,000	7,000
Nicola Reid		7,000
Rene Allen-Casey		3,500
	181,000	84,000

Registrar
Compton Rodney

Travelling
538,500

18. CONCLUSION

The Board takes this opportunity to express to the Minister and his staff their gratitude and appreciation for the Ministry's continued dedication and assistance.